

Testimony of Bill Faith, Executive Director  
Coalition on Homelessness and Housing in Ohio  
U.S. House of Representatives  
Committee on Financial Services  
Subcommittee on Housing and Community Opportunity

Hearing on Housing and Economic Development Policy in Ohio  
July 29, 2003  
Martin Luther King, Jr. Performing and Cultural Arts Complex  
Columbus, Ohio

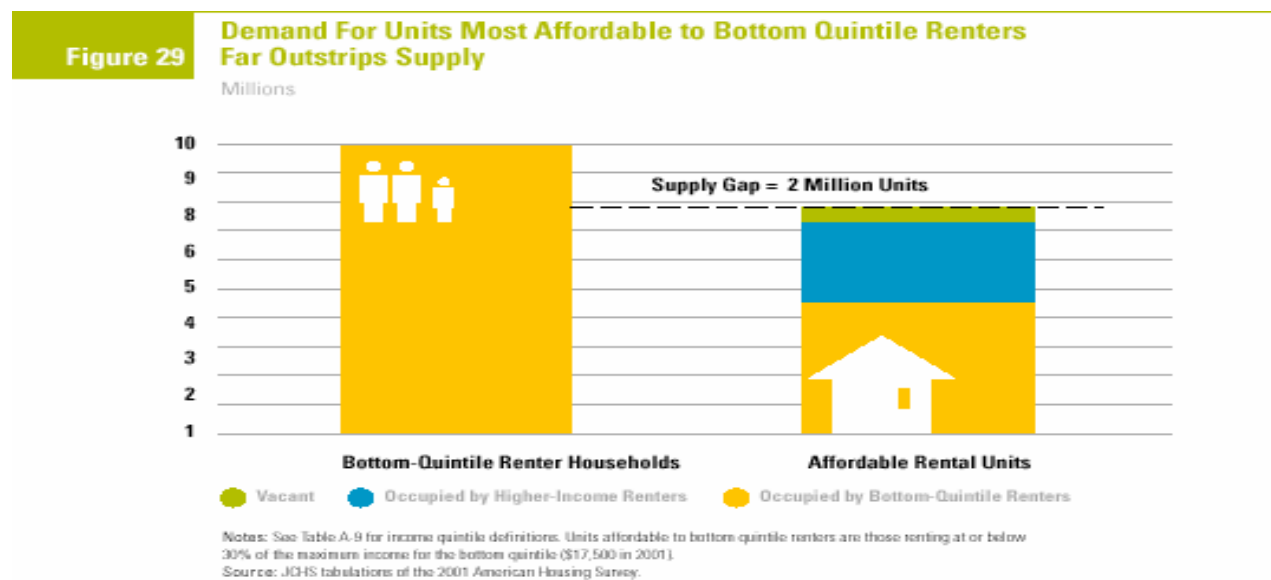
I would like to thank Chairman Ney and the rest of the Committee, particularly Congressman Pat Tiberi, for allowing me to provide you with my comments and suggestions today. I am here representing Coalition on Homelessness and Housing in Ohio (COHHIO), a statewide organization with over 600 member groups from all of Ohio's eighty-eight counties.

I would like to address several specific issues related to the topics of this hearing.

### National Housing Need

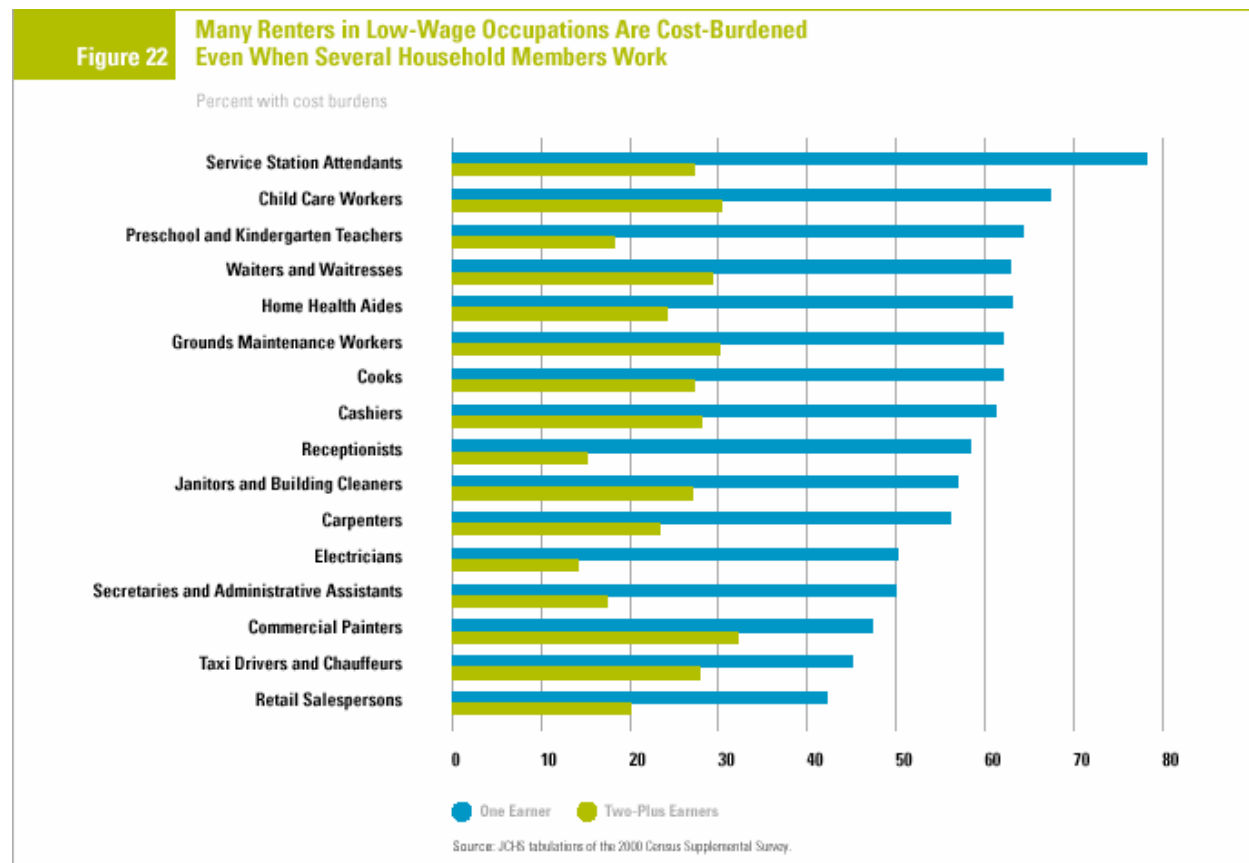
First of all, regarding the need for housing production/preservation and deeper housing subsidies. I know you will be hearing from other witnesses who will discuss the dynamics of housing need in our state and in Columbus. But as you know, the affordable housing crisis is a national problem, which requires a national response. I wanted to bring to your attention a couple of recent national studies that illustrate different aspects of the national affordable housing crisis.

First is the State of the Nations Housing Report for 2003 recently published by the Joint Center on Housing Studies at Harvard University which points out there is a 2 million unit gap between the number of renter households in the bottom fifth of the income distribution bracket and number of physical units that they are can afford.



Here is an excerpt from the report that points out how increasingly difficult it is for low-wage workers to afford basic rental housing.

*“Many households working in lower-wage jobs are struggling to keep up with escalating rents. Of the 2.1 million waiters, waitresses, and cooks who rent, nearly half spend more than 30 percent of their incomes on housing. More than 40 percent of renter households with an earner employed as a childcare worker, home health aide, cashier, library assistant, maid, housekeeper or janitor are similarly cost-burdened (Figure 22). If they are the sole wage earner, renters in several other moderate-paying occupations—including receptionist, carpenter, and electrician—also have a hard time affording their housing, are expected to have an even larger presence in rental markets in the coming years.”*



The President’s New Freedom Initiative Mental Health Commission, which was chaired by Michael Hogan, Director of the Ohio Department of Mental Health issued their report on July 22<sup>nd</sup>, 2003. I will provide just an excerpt from the report.

***“A Shortage of Affordable Housing Exists***

*The lack of decent, safe, affordable, and integrated housing is one of the most significant barriers to full participation in community life for people with serious mental illnesses. Today, millions of people with serious mental illnesses lack housing that meets their needs.*

*The shortage of affordable housing and accompanying support services causes people with serious mental illnesses to cycle among jails, institutions, shelters, and the streets; to remain unnecessarily in institutions; or to live in seriously substandard housing. People with serious mental illnesses also represent a large percentage of those who are repeatedly homeless or who are homeless for long periods of time.*

*In fact, people with serious mental illnesses are over-represented among the homeless, especially among the chronically homeless. Of the more than two million adults in the U.S. who have at least one episode of homelessness in a given year, 46 percent report having had a mental health problem within the previous year, either by itself or in combination with substance abuse. Chronically homeless people with mental illnesses are likely to:*

- *Have acute and chronic physical health problems;*
- *Use alcohol and drugs;*
- *Have escalating, ongoing psychiatric symptoms; and*
- *Become victimized and incarcerated.*

*A recent study shows that people who rely solely on SSI benefits - as many people with serious mental illnesses do - have incomes equal to only 18 percent of the median income and cannot afford decent housing in any of the 2,703 housing market areas defined by the U.S. Department of Housing and Urban Development (HUD). HUD reports to Congress show that as many as 1.4 million adults with disabilities who receive SSI benefits - including many with serious mental illnesses - pay more than 50 percent of their income for housing.*

*Affordable housing programs are extremely complex, highly competitive, and difficult to access. Federal public housing policies can make it difficult for people with poor tenant histories, substance use disorder problems, and criminal records - all problems common to many people with serious mental illnesses - to qualify for Section 8 vouchers and public housing units. Those who do receive Section 8 housing vouchers often cannot use them because:*

- *The cost of available rental units may exceed voucher program guidelines, particularly in tight housing markets;*
- *Available rental units do not meet Federal Housing Quality Standards for the voucher program;*
- *Private landlords often refuse to accept vouchers; and*
- *Housing search assistance is often unavailable to consumers.*

*The lack of decent, safe, affordable, and integrated housing is one of the most significant barriers to full participation in community life for people with serious mental illnesses.*

*Tragically, many housing providers discriminate against people with mental illnesses. Too many communities are unwilling to have supportive housing programs in their neighborhoods. Since the 1980s, the Federal government has had the legal tools to address these problems, yet has failed to use them effectively. Between 1989 and 2000, HUD's fair housing enforcement activities diminished, despite growing demand. The average age of complaints at their closure in FY 2000 was nearly five times the 100-day period that Congress set as a benchmark.*

*Just as the U.S. Supreme Court's Olmstead decision has increased the demand for integrated and affordable housing for people with serious mental illnesses, public housing is less available. Since 1992, approximately 75,000 units of HUD public housing have been converted to "elderly only" housing and more units are being converted every year, leaving fewer units for people with disabilities.*

*Too few mental health systems dedicate resources to ensuring that people with mental illnesses have adequate housing with supports. These systems often lack staff that are knowledgeable about government housing programs and issues. Partnerships and collaborations between public housing authorities and mental health systems are far too rare. Highly categorical Federal funding streams (silos) for mental health, housing, substance abuse, and other health and social welfare programs greatly contribute to the fragmentation and failure to comprehensively address the multiple service needs of many people with serious mental illnesses.”*

## **National Housing Trust Fund**

All over the country, local and state governments have stepped forward to provide support for affordable housing efforts by creating housing trust funds. In fact, today there are 282 state and local housing trust funds operating throughout the United States. In an effort to leverage other resources to better address the affordable housing crisis local governments in Ohio such as Summit County, Montgomery County, Toledo and Columbus/Franklin County as well as the State of Ohio have established housing trust funds and dedicated local and state revenues to provide permanent funding. In fact, as a result of the recently passed state budget bill, on August 1<sup>st</sup> the recording fees will be increased with the first \$50 million of the proceeds annually going to the Ohio Housing Trust Fund.

This will make a big difference for our efforts in Ohio but without significant new federal assistance we cannot seriously address the affordable housing crisis, particularly for those with the lowest incomes. HR 1102 would establish national version of a housing trust fund that would provide flexible resources to state and local governments to provide capital funds to build, preserve, and rehabilitate housing. The funds will be distributed on competitive basis to developers – non-profits, public housing authorities, or for profit developers.

The bill requires that 75 percent of the funds be used to build or rehabilitate rental housing and the remaining 25 percent can be used to provide homeownership opportunities. While the bill gives the states and local governments some flexibility, the bill provides that resources must be directed to meet the housing needs of those with greatest need. [30 percent for households with income at full time minimum wage, which will include elderly and disabled on fixed income, 45

percent for extremely low income households (<30 percent of AMI) and up to 25 percent for up to 80 percent of AMI].

This legislation has enormous grassroots support. There are now over 4,300 endorsements from across the country, including 232 from Ohio. The National Housing Trust Fund legislation now has 204 co-sponsors in the House. I want to thank Congresswomen Waters and Tubbs-Jones for co-sponsoring the bill. There are 11 Republican co-sponsors and I urge the other members of the Subcommittee to co-sponsor this legislation or to shape a similar bill to address the urgent need for federal action for new affordable housing production program to serve those with the greatest housing need. I urge Chairman Ney to hold hearing on this legislation in Washington since surely a bill with this much support deserves a hearing.

I know that the dedicated source of revenue from the FHA surplus has raised some controversy. Acknowledge controversy. Frankly, I don't care what the source of revenue would be and we will be happy to consider ideas that people have for other dedicated sources, but without some dedicated source of funding, I am concerned that adequate funding will be elusive given the current budget climate.

### **Housing Assistance for Needy Families Proposal**

I want to add my voice to those who have expressed concerns about the Housing Assistance for Needy Families proposal. This legislation would radically restructure the Housing Choice Voucher program, a popular program that helps approximately 2 million families afford modest housing, and is a flexible, market-based way to address the gap between what families earn and what housing costs. Low-income families, seniors, and people with disabilities receive vouchers to give to private landlords that generally make up the difference between 30 percent of the household's income and the cost of the rental unit. The federal government provides local housing authorities with vouchers to distribute to families on its waiting list. More than half (53 percent) of all voucher holders are families with children. Another 40 percent are seniors or people with disabilities. Only about one out of every five voucher holders receives welfare benefits. About 40 percent earn wages, while most others rely on disability or retirement income. There is a serious shortage of vouchers, and only a fraction of eligible households receive them.

The voucher program would be renamed Housing Assistance for Needy Families (HANF). Under the plan, the federal government would no longer have an obligation to fund individual vouchers. Instead, the program would be converted into a block grant, in which states would receive funds that they would in turn be responsible for allocating to housing authorities or other local providers.

I am concerned about the proposal for several reasons:

- Block grants typically increase by the amount of inflation or less each year. Because housing costs have been increasing much faster than the rate of inflation, block granting the voucher program would almost certainly result in a devaluing of the program over time.
- Because the proposal would require states to serve the same number of people whether or not federal funding remains even, states would be encouraged to serve people with higher

incomes (who require less of a subsidy to be able to afford housing) or to increase the amount that low-income households are required to pay each month.

- The proposal would open the way for states to impose time limits on a household's voucher use. While time limits would presumably be an incentive for low-income households to move into work, the vast majority of voucher holders are either already working, or are disabled or retired. Time limits on voucher use will destabilize families and result in the movement of working families into homelessness.
- By giving states a role in the allocation of vouchers, the proposal would add an additional layer of bureaucracy to the program. It would also likely politicize the program, as states would have more of a say in determining which communities within their state received vouchers.
- The State of Ohio does a very decent job of administering several production oriented state and federal housing programs such as the Ohio Housing Trust Fund, the Low Income Housing Tax Credit Program, the federal HOME program and bond programs. However, the state is entirely ill equipped to administer the Section 8 voucher program, which is a long-term rental assistance program. The Ohio Housing Finance Agency and the Ohio Department of Development have no programs that provide on-going rental assistance and they would have to add hundreds of staff to provide this task. It would add an additional layer of bureaucracy without adding any real value.

## **Section 8 Project Based Assistance**

As you may know, with 86,000 units Ohio has more Project-based Section 8 housing units than all other states, except for New York and California. For the past several years, the Section 8 contracts have been expiring and the owners have had to go through the restructuring process and decide to continue with the program or to opt-out. COHHIO has received funding from HUD's Outreach and Technical Assistance Grant (OTAG) program since 1999 to help address the issue of expiring Section 8 contracts and the Mark to Market program. With these funds, COHHIO has been able to meet with tenants, owners and community leaders throughout Ohio and keep them informed about HUD's process and the plans for their homes and communities. OTAG funds permit COHHIO to meet on the properties with tenants and to encourage their participation in Mark-to-Market review processes. OTAG funds also permit COHHIO staff to hold regional and state wide meetings of housing organizations, HUD, local officials and non-profit developers to stay informed about HUD program and coordinate their efforts to preserve and improve housing in their local communities.

In 2002, Congress mandated that all of the technical assistance grantees be audited by HUD's Inspector General. The HUD IG sent a two-person team to COHHIO's office for 6 weeks in May-June, 2002 and COHHIO was found to be in compliance with all program requirements, in other words the HUD IG made no findings regarding COHHIO's OTAG program. In several other states, however, OTAG grantees did have audit findings, which is common in IG audits. As a result of all of this, HUD has is delaying issuing a Notice of Fund Availability on the basis that the audit findings are not resolved.

While COHHIO is continuing to do outreach throughout Ohio, we are concerned that HUD's delay in resolving this situation is jeopardizing the future of this valuable program.

I don't believe this problem can be resolved without a Congressional mandate to HUD to require continued funding the program as soon as possible. I am requesting for your help in pushing for an amendment to continue this program. What is needed is the following language to be added to a bill.

"In carrying out Section 1303, the Secretary shall provide continued funding under the OTAG program when existing contracts expire to assure the uninterrupted provision of technical assistance in the future. The Secretary shall promptly initiate necessary steps to extend or execute intermediary contracts and provide funding under the ITAG program. The Secretary shall resume technical assistance grantees' ability to draw funds for eligible activities under existing contracts as soon as the grantee's audit findings are satisfactorily resolved."

I appreciate your attention and would be happy to respond to any questions.